

Finance Committee
June 4, 2020
5:30 p.m. - City Hall Council Chambers

Chairman Tom Ptak called the meeting to order at 5:35 p.m.

ROLL CALL:

Present: Chairman Ptak, Alderman Demes, Alderman Lavieri, Alderman Jeppson, Alderman Herndon

Absent: None

Others present: Finance Director John Duncan, Alderman Reynolds, Economic Development Director Leah Inman, Deputy City Clerk Brent Bader

A quorum was present.

Finance Director Duncan presented the second draft of budget appropriations and began by explaining the treasurer's report, bank reconciliation report and cash allocation report. He explained how the City's \$11,208,002.03 in the bank is broken up into specific funds with the general fund account showing a \$1,991,338.22 deficit.

Duncan gave brief overviews on certain funds including the garbage disposal fund which has \$695,659.98. He suggested an electronic recycling day may be one way to spend it while serving the public either through making it exclusive to La Salle residents or partnering with the City of Peru. The building and grounds fund is in a little more trouble, Duncan said, while the ambulance fund is healthy albeit that the fund has seen a decrease in monthly revenue. Duncan said Fire Chief Andy Bacidore is considering a rate increase as the City's rates are on the low side compared to other communities. The water and sewer funds are healthy which will allow the City to commit to infrastructure work on the water and sewer. This follows the City's long-term control plan when rates were raised in 2011, allowing the City to complete the work without having to bond for it.

Duncan said at the end of Fiscal Year 2019-2020, the City's tax increment financing (TIF) district funds had a sum of \$3,000,000 but cautioned the council the regarding spending from that fund. Most of the money had come from TIF District 1 but when it was extended for an additional 12 years in 2019, it was only able to be extended in the undeveloped properties. Therefore, it will not create the same surplus it has in previous years. A summary of TIF surpluses in the coming fiscal year, while taking into account fixed costs, would be \$710,000 if no capital improvement projects are completed. Anything spent beyond that amount would chip away at the City's saved TIF money. Duncan urged alderman to work together to decide what the priorities should be for the City, noting discussions in the past have included 24th Street road repairs, road repairs to make room for the new Thorntons gas station, a new public works building. Duncan said all could be done with TIF money, but there won't be enough money for them all. He said the amount of development and the chance of it producing sales tax should be considered for future projects using TIF money.

Duncan estimated that this year's budget will have a deficit of roughly \$800,000 while reaffirming this is just an estimation with a conservative estimation on revenues and a slight overestimation on expenses. He noted that last year's forecast of a \$750,000 deficit ultimately will come in closer to \$300,000 at the end of the fiscal year as the City didn't spend as much as it had budgeted.

Duncan estimated the City will lose out on \$200,000 annually in sand mining revenue due to the closure of the US Silica facility and roughly \$70,000 in gaming revenue and \$100,000 in state income tax as a result of the COVID-19 pandemic. Duncan said the sales tax looks roughly the same and Duncan expects any losses from the pandemic to be offset by backpay from JC Whitney after a filing error on their part. A new cannabis use tax as a result from the state's legalization of marijuana will bring in \$8,000.

Duncan walked the Finance Commission through all the categories on the budget with comparisons to the previous year's budget before stopping at the Economic Development department when Leah Inman spoke before the Finance Commission to discuss potential authorization of Invoice #20140 from the North Central Illinois Economic Development Corporation (NCIEDC) totaling \$12,492 for annual membership fees for fiscal year 2020-2021 and Invoice #10 from Starved Rock Country Alliance totaling \$5,000 for 2020 annual funding. Inman explained that NCIEDC works towards securing large manufacturing industrial sites, something small communities can't do on their own, and also assists in submitting to larger industries such as hotels and grocery stores. Starved Rock Country Alliance supports the Small Business Development Center which is partially funded by the state and is a free service for businesses owners to use as a resource. She suggested a \$1,000 donation would match what the City gave last year. She also discussed Illinois Valley Area Chamber of Commerce (IVAC) which assists with new and small-sized businesses when relocating or opening a second location. She said the organizations work in conjunction with her on her day-to-day tasks and increases exposure and opportunities for La Salle which she follows up on. Alderman Lavieri acknowledged that it's difficult to link any one organization to a new piece of development in order to determine whether the money spent comes back in new development but said the support is necessary in working with these organizations rather than against them. Chairman Ptak agreed saying the organizations give Inman the tools she needs to perform her job to the best of her ability and that the City needs to support them and hope development comes from it. The other attending members expressed enthusiasm in continuing the donations.

Duncan discussed the creation of the combined role of Director of Public Relations and Community Development and Deputy City Clerk, currently held by Brent Bader, which added \$52,350 to the budget between salary and supplies. He said the role was created to help increase transparency in government and fill a gap between government and the public. Alderman Lavieri added that the position provides consistency to the City Clerk's office, an elected position, after the position of Finance Director was separated from the office.

Of the nearly \$9 million budget, the police department's portion is \$4.2 million with \$1.5 million being pension payments. Duncan explained that the City's pension contributions were \$300,000 in 2009 and have now increased to \$1.5 million. The City does save around \$350,000 a year, from both the police and fire funds, through sharing dispatch services with nearby communities.

The streets budget will receive some state money for a Safe Walks to School grant which requires \$50,000 of City money allocated towards it to receive \$200,000. The budget previous included \$75,000 in equipment purchases and \$125,000 to construct sidewalks along U.S. 6 but Duncan said Mayor Grove took those out of the budget after noting the budget deficit.

The money allocated for the RIP grants was lowered from \$130,000 to \$105,000 and Duncan explained that Mayor Grove did not want to lower it any further as he doesn't want to stop the momentum occurring downtown. Inman said she will work on assessing the expenses and projects to ensure more people can participate in the program. Duncan added he would advise the rules be worded in a way to

ensure the money is spent on ways to market the individual businesses or the downtown rather than used on maintenance work the owners would have to complete anyway.

Duncan also updated the Commission on the COVID-19 safety plans at City Hall which is expected to open in July. Superintendent of Public Works Jeff Bumgarner is creating a plexiglass barrier at the pay window to separate customer from employee and tape will be placed on the ground to encourage safe social distancing.

Duncan updated the Finance Commission on the other associated funds and ended on the TIF budgets, again reiterating alderman should come to an agreement on which projects should receive TIF money and what impact it will have on the City's budget in the future. He said he's not encouraging the Finance Commission take any particular path, but giving them the knowledge to make informed decisions.

The Finance Commission commended Duncan for his work.

The meeting was adjourned at 7:50 p.m.

A handwritten signature in cursive script that reads "Carrie Brown".

Carrie Brown, City Clerk by Deputy City Clerk Brent Bader